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DIRECTORATE OF  
INTELLIGENCE

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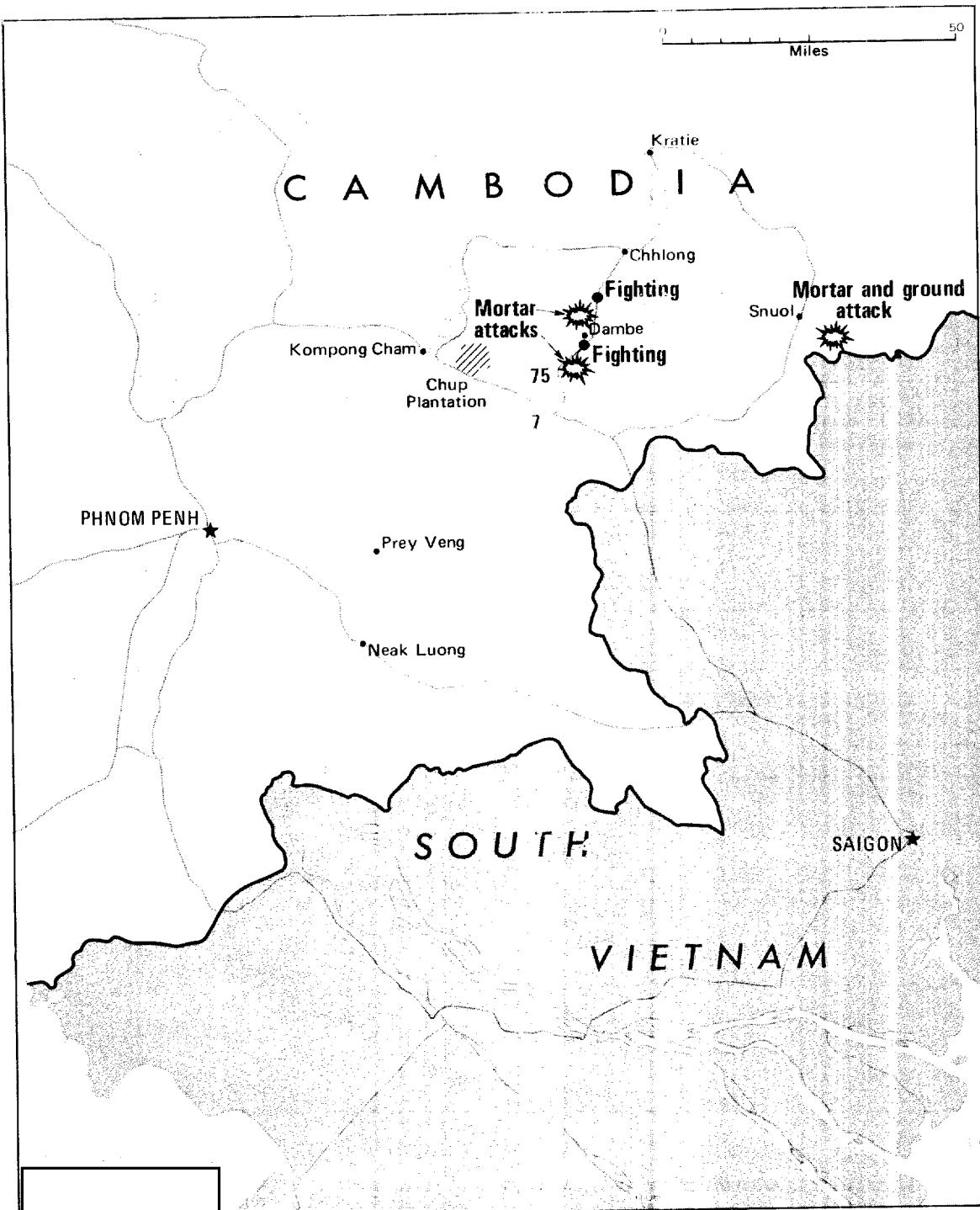
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CAMBODIA-VIETNAM: Communist resistance to South Vietnamese clearing operations east of the Chup rubber plantation appears to be increasing.

South Vietnamese rangers in central Kompong Cham Province claim to have killed 87 enemy troops during a sweep operation on 25 February along Route 75, about three miles southwest of Dambe, while suffering only nine wounded. On the same day, the Communists reportedly used 120-mm. mortars against a South Vietnamese ranger headquarters and also against an armored defensive encampment in the vicinity of Dambe, causing South Vietnamese losses of one killed and 15 wounded. The use of this heavy weapon, along with the recent use of mines on Route 75, suggests that the Communists are trying to inflict heavy losses on South Vietnamese forces, while avoiding costly direct engagements for the time being.

In southern Kratie Province, a South Vietnamese ranger battalion near Snuol was hit by a heavy mortar barrage yesterday. The rangers reportedly killed five Communists, while losing six killed and four wounded, in repelling a ground probing attack that followed the mortar barrage.

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COMMUNIST CHINA: Increasingly heavy propaganda criticism is being directed at alleged political failings on the part of the nation's numerous military administrators.

This week an authoritative article in the party theoretical journal Red Flag launched a particularly virulent attack on the performance of both senior and junior military officers--many of whom are directly involved in civil administration. By implication the article charged them with bureaucratic shortcomings reminiscent of those for which China's former party officials were censured during the Cultural Revolution. Thus, the article claims that the performance of many officers is marred by the twin evils of "arrogance" and "complacency" and calls for an intensified ideological struggle to eliminate them. According to Red Flag, this struggle should take the form of regular "open-door rectification"--a demeaning form of political harassment in which officers are forced to undergo direct criticism and verbal abuse from "revolutionary" soldiers and even, on occasion, civilians.

It seems highly unlikely that this latest propaganda diatribe presages another round of political purges, but its threatening tone and endorsement of a style of criticism similar to that once used by militant Red Guards against party and government leaders almost certainly will impose additional strains on the morale and possibly the cohesion of China's overburdened military hierarchy. Moreover, it is apparent that some, if not the majority, army men are opposing the growing tendency to air criticism of the military's political performance on the grounds that it undercuts the army's authority. That this reaction is becoming widespread is suggested by Red Flag's unusually frank attack on the idea that one should not wash one's dirty linen in public.

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Although it is difficult to determine exactly which elements in the regime are authorizing the present assault on the military, it seems safe to assume that some serious divisions have arisen within the politburo over the army's expanding role in politics. It is possible, for example, that the recent fall of politburo member Chen Po-ta was precipitated in part by his opposition to the army during the Cultural Revolution. The fact that a recent Mao directive ordering army men not to fear criticism has not yet been widely publicized also suggests continuing disagreement at the top over the manner and extent to which the prescribed rectification campaign within the armed forces should be carried out.

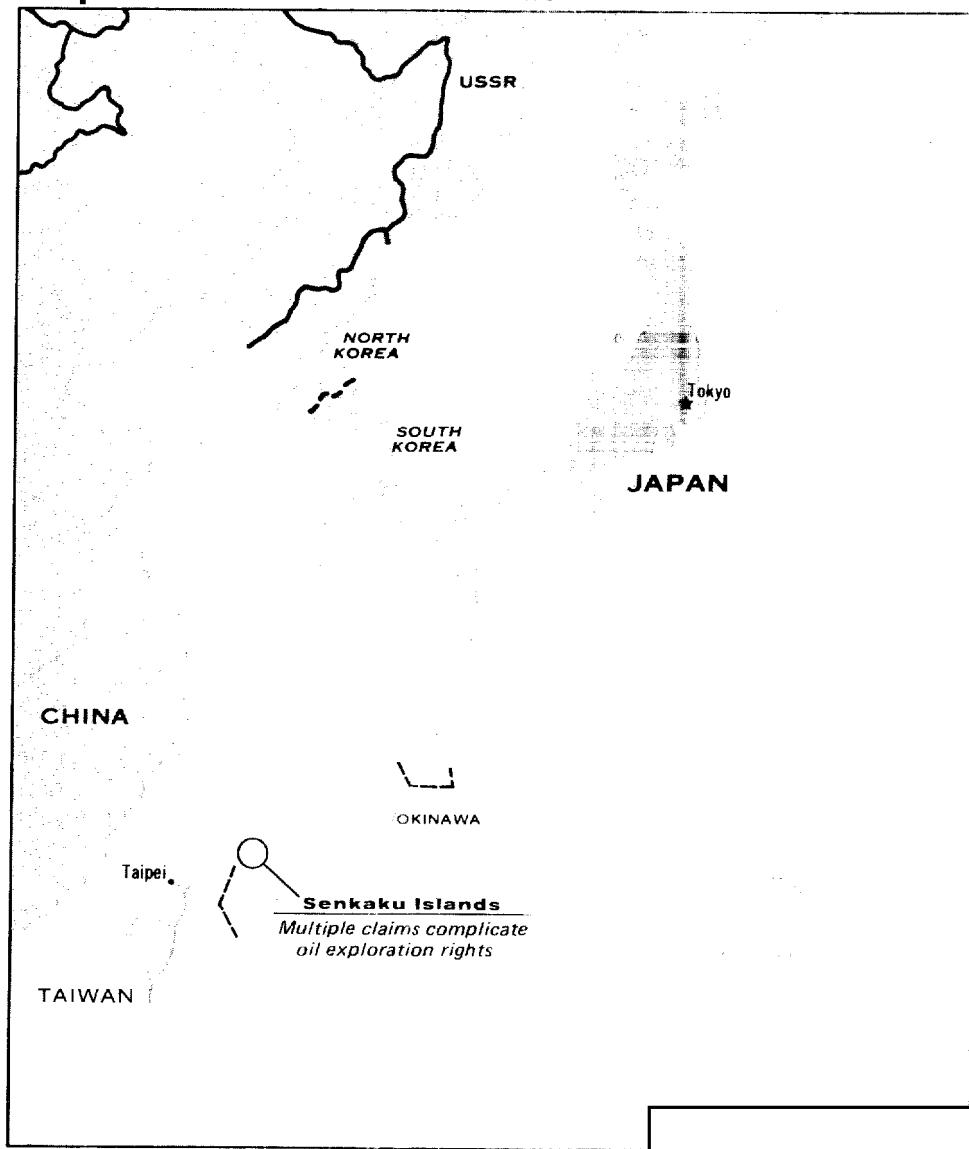
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## Taipei Claims Senkaku Islands



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NATIONALIST CHINA: Taipei has claimed sovereignty over the Senkakus for the first time in its 18-month-old dispute with Japan over oil rights in the East China Sea.

Foreign Minister Wei Tao-ming's announcement to the Nationalist Legislative Assembly on 23 February was a clear shift from Taipei's previous position, which merely denied Japan's claim. Wei added that Taipei also claims "full and unrestricted" rights in exploration and exploitation of the continental shelf in that area. Tokyo's case for Japanese rights is based on its own historical claim to the Senkakus.

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Taipei [redacted] informed the Japanese Embassy on 20 February of the new position. The Nationalists, however, have been challenging Japan's claim verbally during informal conversations since last October. Taipei probably believed that a formal claim to the islands had to be made once Peking laid claim to the Senkakus last December. The Nationalist Government had also been under pressure from the Legislative Assembly and the press, as well as from demonstrations by militant Chinese students in the US. Although Wei, like his Japanese counterpart, said his government's position was non-negotiable, Taipei cannot afford to jeopardize its relations with Japan over the issue. The Nationalists probably hope to proceed with the exploration through informal agreements reached with Japan since last November; at the same time, they will probably give face-saving propaganda play to their new stand.

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[redacted]

POLAND: The failure of the trade union forum this week to produce a meaningful program indicates that basic worker demands will continue to be handled by a direct dialogue between the party leadership and the workers.

Trade union chief and politburo member Kruczak admitted that the trade unions were guilty of all the charges that have been made by disgruntled workers since the change of regime in December. He particularly singled out neglect of workers' interests, bossism, failure of unions to keep in touch with the mood of their rank and file as well as with the central authorities, and resistance to criticism.

For the short term, Kruczak promised that the trade unions will draft a new labor code that would genuinely take into account workers' interests. He also offered the workers 300 million zlotys from the council's central funds to help overcome immediate local grievances, and urged workers and management to deal more effectively with local problems. These palliatives, however, are unlikely to placate the rebellious workers for long.

[ In fact, small-scale strikes and work stoppages have continued sporadically to erupt throughout the country. According to a central committee administrator, factories may have to be closed temporarily if such stoppages continue. After sitdowns in the politically sensitive Cegielski plant in Poznan this week, party chief Gierek left for the city yesterday. ]

There has been much publicity both at the recent party central committee plenum and in the press about workers directing their own affairs. Kruczak's stress on the inviolable leading role of the party in trade union affairs, however, shows that the workers will continue to have no real authority, such as that exercised in the Yugoslav worker council system. Instead, the Polish solution appears

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to envisage a re-invigoration of trade union locals that would have more clearly defined access to the central authorities, over the heads of the intermediate apparatus if necessary. This falls far short of the "independent trade unions" the workers have called for, but it reflects the style of direct contact with the workers that Gierek has used since December.

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SOUTH AFRICA: Security police have intensified their harassment of opponents of the government's apartheid racial policies.

Police carried out concerted search raids against a score of individuals and church and student groups in four major cities Thursday, ostensibly seeking more evidence against the Anglican dean of Johannesburg. The dean, who was arrested a month ago for possessing subversive literature and for other as yet unspecified acts, and the persons whose offices and homes were searched have been outspokenly critical of the government. No one was arrested this time.

Earlier this month, however, the police did arrest more than 20 Africans, Indians, and whites belonging to a small, little-known organization that espouses multiracialism, on unspecified charges under the Terrorism Act. They are being held in preventive detention.

Although there is no apparent connection between the dean and this group, the two incidents reflect the capability of the security police to intimidate prominent opponents of apartheid and to nip in the bud any serious organized opposition to this policy among nonwhites.



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CEYLON: A strike threatened by major trade unions could adversely affect the struggling economy.

Three labor federations affiliated with the governing leftist coalition have threatened to strike on 1 March because of a breakdown in bargaining negotiations. Although the unions have reached agreement with an employers federation on most issues, an impasse has developed over procedures for settling the amount of the Christmas bonus. The unions involved, all in the private blue collar sector, account for about one sixth of Ceylon's unionized workers.

The disagreement took on political overtones when the employers federation attributed to the labor minister a statement that the government wanted extra concessions for the unions. If the government pushes too hard for bonus concessions to these unions, it may establish a precedent for unions in government corporations. The government, however, may be willing to risk adverse effects from a higher bonus settlement--such as increased inflation--in order to maintain important labor support.

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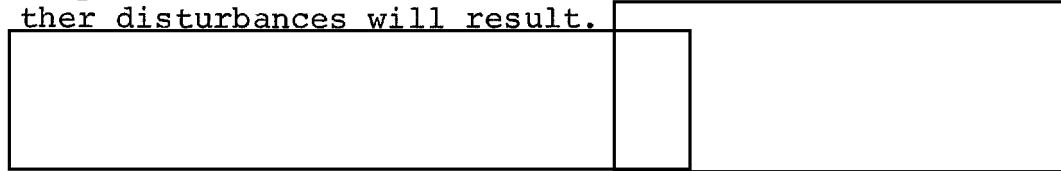
**C** COLOMBIA: The President has declared a state of siege following violence that broke out yesterday.

During student demonstrations in Cali, a southern provincial capital, about 12 were killed and 40 injured. Police and military forces occupied the university after three weeks of student demonstrations.

The incident in Cali reflects a general malaise resulting from weak government leadership, increasing inflation, and a high rate of unemployment. It coincides with a widespread occupation of private lands by campesinos, a national teachers' strike, and plans for a general work stoppage on 8 March.

The events in Cali and heavy-handed government response to the discontent make it likely that further disturbances will result.

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GUYANA: Domestic reaction to the government's announced intention to nationalize the bauxite industry has been mixed.

Nationalization does not now appear to have genuine popular support, despite the government's efforts to prepare public opinion for the move. US Ambassador King reports that Prime Minister Burnham's action apparently has increased the general dissatisfaction in the country, although not yet to a critical point.

The business and labor sectors have been particularly vocal in their criticism. Commercial interests claim that foreign investment is "dead" and the economy is headed for a sharp and perhaps disastrous decline. The more radical elements, including the militant black power organization, have praised the move and have criticized Burnham for not going far enough and seizing the US-owned Reynolds metals company at the same time.

Although the top leadership has expressed some fear and misgivings, Burnham apparently remains determined to plow ahead regardless of the risks. He has gone to some lengths to reassure workers and the public in general that they will not suffer any losses and the country will continue to move ahead.

According to US Ambassador De Roulet in Kingston, Jamaican leaders have a strong desire not to be upstaged by Guyana, and should Burnham prove successful in his nationalization move they may follow suit and take over the largely US-owned bauxite industry in Jamaica. He adds, however, that no matter what happens in Guyana some sort of Jamaican participation in the local bauxite industry is "inevitable in the long run." [redacted]

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JAPAN - NORTH KOREA: Tokyo has agreed to resume repatriation of Koreans in Japan who still wish to go to North Korea. In an agreement reached between the Japanese and North Korean Red Cross recently in Moscow, about 15,000 Koreans will be allowed to leave this summer. The arrangement, which will expire within six months of the beginning of repatriation, is similar to one broken off in 1967 after almost 90,000 Koreans had been allowed to go to North Korea. The new repatriation agreement will remove what has been a major bone of contention between Tokyo and Pyongyang since 1967. South Korea has made only pro forma protest, largely for domestic consumption.

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ITALY: The Republican Party, smallest member of Prime Minister Colombo's four-party coalition, has decided to withdraw from the government. Republican leader LaMalfa claims that the government is overextending its financial capabilities in recent agreements to meet worker demands for social reforms. The three remaining parties would have a solid majority in parliament and key leaders apparently believe that Republican withdrawal will not lead to the resignation of the government.

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UN - EASTERN EUROPE: According to a Soviet UN delegate, Yugoslavia's recent announcement that it will seek a seat on the Security Council at this fall's General Assembly session caught Moscow by surprise. The Soviets for some time have been promoting the Byelorussian SSR for the seat. No East European group decision has yet been made with respect to the candidate to succeed Poland. Because regional endorsement traditionally is accepted by the General Assembly, the decision within the East European group is important.

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INDONESIA: Foreign exchange earnings will be given a boost by an approximate 30-percent increase in crude oil prices recently negotiated with the partially Japanese-owned Far East Oil Company. The agreement covers only about 25 percent of Indonesia's oil exports to Japan, but the price rise almost certainly will eventually be applied to all crude oil exports to Japan and other countries. Under these circumstances, Indonesia's foreign exchange earnings from petroleum could be hiked by at least \$100 million this year, equivalent to approximately ten percent of total export earnings last year.

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C SENEGAL: Simmering discontent among Dakar University and secondary school students erupted in violent clashes with police on 26 February. The immediate cause of the disorders was student dissatisfaction with exam schedules, but student disaffection with the regime lies at the root of the current unrest. The government appeared to be in full control of the situation. A more serious challenge to the government could develop, however, if a significant portion of the labor movement decides to back the students, as it did in 1968.

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